

ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

Notice of Termination

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development terminates the rule making initiated by its Notice of Intended Action published in the Iowa Administrative Bulletin on August 13, 2008, as **ARC 7068B** to amend Chapter 71, “Targeted Jobs Withholding Tax Credit Program,” Iowa Administrative Code.

The initial Notice of Intended Action was published to solicit comments on amendments to establish a limit on the total amount of withholding tax credits awarded based upon the total amount of depreciable assets in the project, to establish and define required financial support to be provided by the pilot project city to the project, and to require all applications to be presented to the Iowa Economic Development Board for comment prior to the Department’s approval.

After the submission of the proposed amendments, IDED staff identified additional amendments that they intended to recommend for inclusion in the final amendments. Staff sent an E-mail to the contacts at the pilot project cities (Keokuk, Sioux City, Burlington, Council Bluffs, Fort Madison) about the additional changes under consideration. The final amendments were scheduled to be presented to the Iowa Economic Development Board in September. The additional changes that staff planned to recommend to the Board for the final amendments would have:

- Removed both the requirement that the business arrange for the required match and the requirement for case-by-case match determinations for projects receiving tax credits under the targeted jobs withholding tax credit.
- Stipulated that the pilot project city must provide either a tax abatement or a local match equal to that abatement for projects that will result in an increase in local taxes.
- Eliminated the proposed exemption from the match requirements for projects which do not result in a local tax increase.

Concerns were raised by members of the Administrative Rules Review Committee about the additional changes that were under consideration for the final amendments. There was concern that these changes significantly altered the initial Notice of intended Action. Legal counsel advised the Committee that it was his opinion that the amendments should be renoticed.

The policy issues raised by the Iowa Economic Development Board and the Iowa Department of Economic Development about this program, including its local match requirements, are substantive and deserve a thorough review by the public. These important issues should not be clouded by possible challenges about compliance with procedural rule-making requirements. Therefore, the Department is submitting a new Notice of Intended Action (see **ARC 7249B** herein). This action will allow time to distribute the updated proposed amendments that incorporate the additional changes recommended by staff and collect public comment on all the proposed amendments.